



# City of Saint John 2020 General Operating Budget

September 2019



SAINT JOHN

# Financial Policy Development

	Policy Title	Status
FAS-001	Asset Management	Approved
FAS-002	Investment Management	Approved
FAS-003	Reserves	Approved
FAS-004	Operating Budget	Approved
FAS-005	Capital Budget	Approved
FAS-006	Debt Management Budget	Approved
FAS-007	Wage Escalation Policy	Q3/2019
FAS-008	Long Term Financial Plan	Q4/2019



# 2020 General Budget Timelines

- Sept 18: First Draft General Operating Budget to Finance Committee for receive and file
- October 23: Budget Presentation by Service Areas
- November 12: Second Draft General Operating Budget to Finance Committee
- November 18: Draft General Operating Budget to Common Council for receive and file
- Dec 5: Final Draft Budget to Finance Committee
- Dec 16: Final Draft Budget to Council for Approval



# 2020 Budget Context

- Property Tax Revenue assumes 1.5% increase over 2019;
- 2020 amount committed under the New Deal: \$10.4 Mil;
- 2020 budget include \$8.062 Mil for Financial Assistance;
- 2020 budget is prepared assuming current service levels are maintained;
- Temporary financial assistance from the Province (New Deal) which will end in 2021;
- LNG revenue has been included in 2020 Property Tax revenue;



# 2020 Budget Context

- As part of the “Sustaining Saint John, A Three-Part Plan” , budget includes;
  - \$440K of net new revenue as part of Accommodation Levy
  - \$312K reduction in property tax for Transit Facility
- There is a number of outstanding items that will impact the 2020 draft budget;
  - 2020 Property Tax Revenue from SNB
  - Unconditional Grant
  - Realignment of Economic Development Agencies
  - Continuous improvement initiatives implemented for 2020

# Structural Deficit

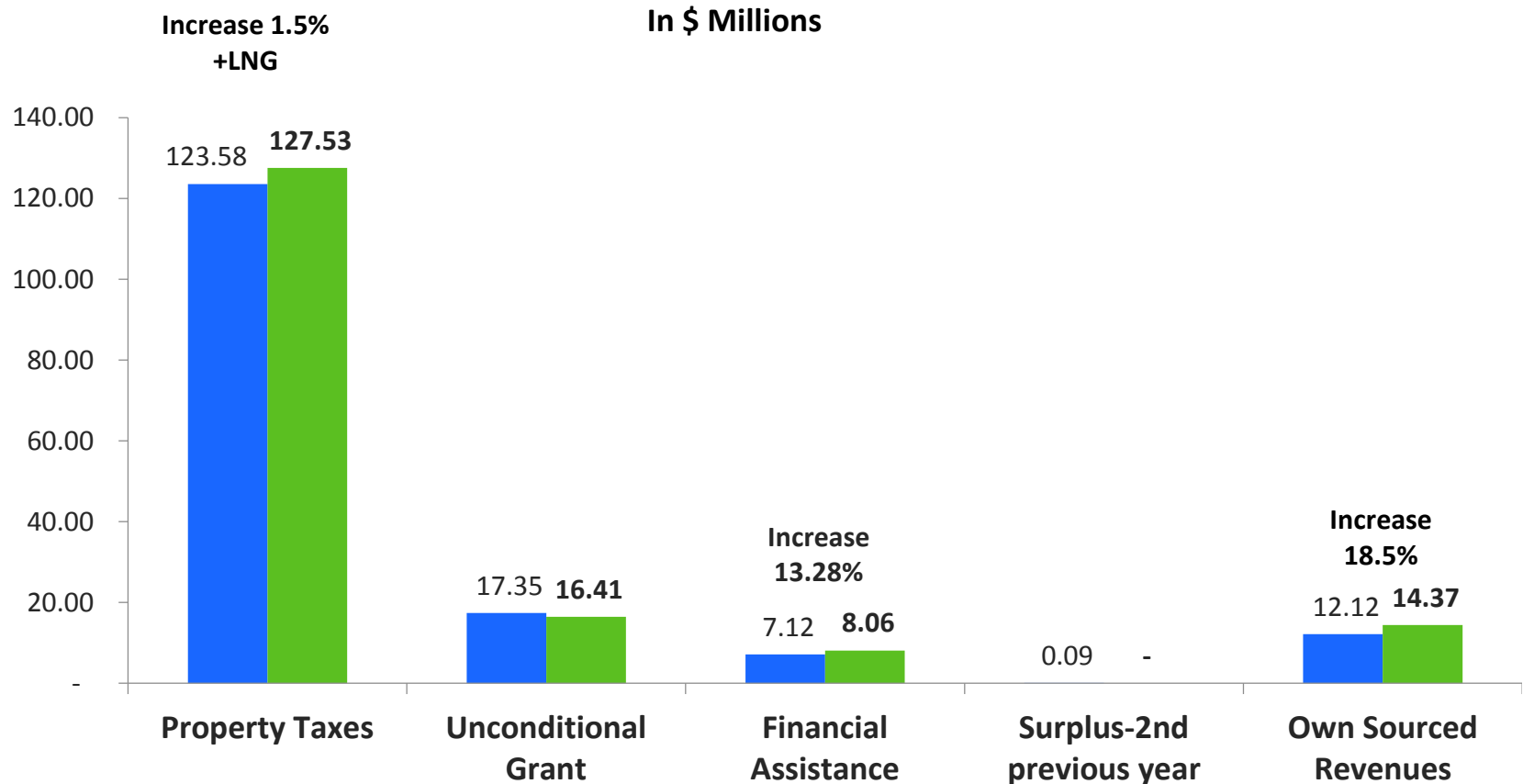
	<u>2019 Approved Budget</u>	<u>2020 Draft Budget</u>
<b><u>Recurring Revenues</u></b>		
Property Taxes	123,577,054	127,530,710
Unconditional Grant	17,353,344	16,409,648
Own Source Revenues	12,123,426	14,366,274
	<b>153,053,824</b>	<b>158,306,632</b>
<b><u>Recurring Expenses</u></b>		
Wages & Benefits	81,090,242	81,943,041
Pension & LTD	10,419,692	10,375,000
Goods & Services	35,640,661	37,151,812
ABCs and Grants	14,359,391	15,239,275
Fiscal Charges	18,747,797	21,540,075
	<b>160,257,783</b>	<b>166,249,203</b>
<b>Structural Deficit</b>	<b>-7,203,959</b>	<b>-7,942,571</b>
<b><u>Non Recurring Items</u></b>		
Carry Over Surplus/Deficit	86,557	-119,915
Financial Assistance		
New Deal	7,117,402	8,062,486
<b>Surplus (Deficit)</b>	<b>0</b>	<b>0</b>





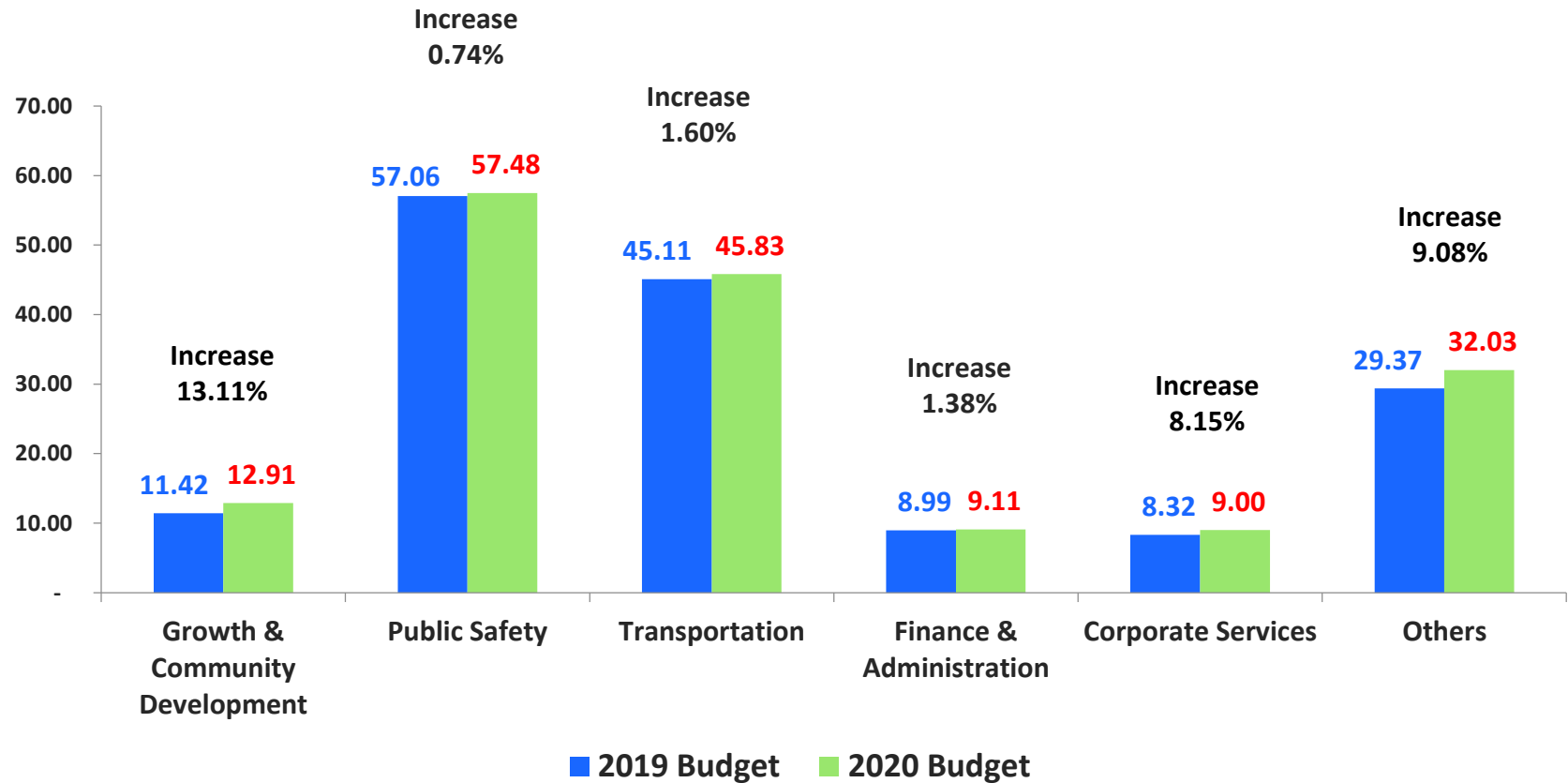
# 2020 Revenue Budget Overview

■ 2019 Budget ■ 2020 Budget



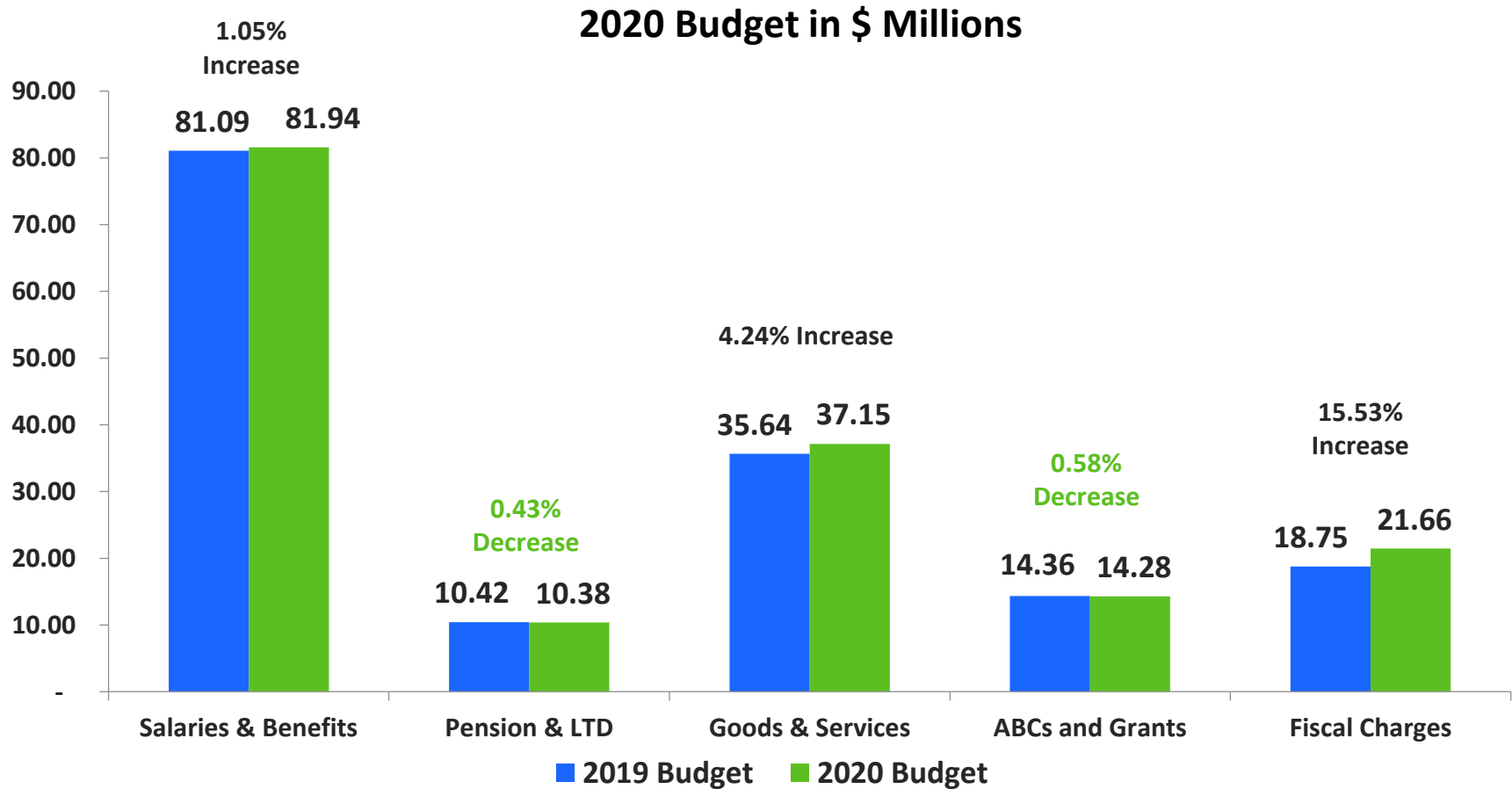
# 2020 Expenditure Budget Overview

## 2020 Budget in \$ Millions





# 2020 Budget broken down by Expenditure Categories



# 2020 Budget Strategy and Compliance with Approved Financial Policies

- **Capital Budget policy**: Increase funding for roads in the Operating Budget instead of borrowing (\$1,000,000);
- **Capital Budget policy**: Increase pay-as-you-go to gradually reduce debt (\$2,000,000);
- **Asset Management & Capital Reserve Policies**: Contribute to capital reserve to address infrastructure deficit (\$500,000);
- **Operating Reserve Policy**: Put money aside for future restructuring plan and other if sustainable solutions to the City's structural deficit problem are not achieved before 2021 (\$300,000).



# Conclusion

- 2020 Operating Budget is a **“Status Quo”** budget as the City prepares to implement its sustainable action plan in 2021;
- 2020 budget addresses Council’s priorities:
  - Invest in Growth & Community Development: Development incentives, growth reserve, population growth, road map for smart growth, etc.
  - Invest in Municipal Infrastructure (Asset Management): \$500K for funding Infrastructure Deficit;
  - Be fiscally responsible: Increase pay as you go to reduce debt (\$2.0M) and Increase funding for Roads from the Operating Budget instead of borrowing (\$1.0M)
- The City continues to work with the Province to find solutions to the City’s structural deficit problem. “Sustaining Saint John – A Three Part Plan” lays out several action items for both the City and Province to complete;
- The City will continue to face significant structural deficits beyond 2020 without sustainable solutions;

# Q & A

